



VIRGINIA REAL ESTATE APPRAISER BOARD NEWSLETTER

THE VIRGINIA APPRAISER

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DEPARTMENT OF PROFESSIONAL & OCCUPATIONAL REGULATION

New Regulations

Effective July 1, 2003

Below is a summary of some of the changes that can be found in the new appraiser regulations.

The biggest changes in the new regulations are as follows:

1. Licensees will now have the option to allow their licenses to become inactive. An inactive license is allowed to be renewed without meeting the continuing education requirements contained in the regulations. In order to activate an inactive licensee, a licensee must meet the continuing education requirements stated in the regulations within two years prior to applying to activate the license.
2. In order to renew a license, all licensees will have to take a new 7 hour USPAP course. This new course replaces the old 3 hour course. Additional information about this new 7 hour USPAP course can be found on page 2 of this newsletter.
3. The 15 hour USPAP Course that all licensees needed to take every six years in order to renew their license has been abolished.

Below is a general overview of all of the changes in each of the different parts of the new regulations:

Part I, Definitions

Clarified the language contained in various definitions found in 18 VAC 130-20-10 (ex. "appraiser", "fee/staff appraiser experience", "inactive license") in response to comments received from the public.

Part II, Entry

Changed the requirement that an applicant supply an affidavit to just allow for a statement verifying that the applicant has read and understands the regulations. This change was necessary to move to electronic submission of application documents.

Deleted the requirement that the applicant for the licensed residential appraiser license had to obtain experience "continuously over a period of not less than 24 months" in response to a change made by the Appraisal Qualifications Board.

In response to recommendations made by the Appraisal Subcommittee, the following changes were also made to qualifications for temporary licenses:

- specified that a specific appraisal assignment may include multiple properties;
- deleted language regarding substantially equivalent requirements in other jurisdictions;
- deleted reference to disciplinary actions in other jurisdictions; delete the age requirement; and
- specified that more than one temporary license may be issued per year.

Part III, Renewal of License

Added language permitting an individual to renew a license on inactive status. This would permit the licensee to retain the license without meeting the continuing education requirements and to activate the license at a future time. Currently, licensees who are not currently practicing take the continuing education to renew their license, which is a significant financial burden, or let the license expire and reapply, meeting all current entry requirements.

Deleted the requirement that a licensee needed to complete a 15 hour USPAP course once every six years.

Part IV, Standards

Changed all references to a specific section of the Uniform Standards of Professional Appraisal Practice to a general reference to insure that all provisions relevant to a specific appraisal assignment apply.

Part V, Educational Offerings

Amended the preclicensure requirement so that now all applicants have to complete the 15 hour National USPAP course or its equivalent.

Permitted courses approved by the Appraiser Qualifications Board to meet Board requirements without further review.

The following are the changes that were made based on changes in the criteria set by the Appraisal Qualifications Board:

- Require all USPAP courses to be taught by instructors certified by the Appraiser Board effective January 1, 2003.
- Require trainees who remain in the classification in excess of two years to complete continuing education in the third and successive years.
- Delete the continuing education requirement which requires 3 of the 28 hours to be a Board approved course on recent developments in federal, state and local real estate appraisal law and regulation and the Uniform Standards of Professional Appraisal Practice and replace it with a 7-hour requirement for a USPAP update course.
- Replace the current language regarding record keeping requirement for supervising appraisers with "The appraiser trainee shall be entitled to obtain copies of appraisal reports he or she prepared. The supervising appraiser shall keep copies of appraisal reports for a period of at least five years or at least two years after final disposition of any judicial proceedings in which testimony was given, whichever period expires last."
- Make distance learning course criteria currently applicable only to prelicense courses applicable to continuing education courses.

The Board suggests that you read the new regulations in their entirety in order to see all of the changes that have occurred. A copy of the new regulations can be obtained on the Board's website which is located at <http://www.state.va.us/dpor/>. The new regulations will be made available on July 1, 2003

Additional Information about the New Continuing Education Requirement

The new regulations mentioned above change the 3 hour course on appraisal law and USPAP to a new 7 hour USPAP course. This change will be implemented as all other continuing education changes have been implemented in the past. That is, the new requirement will begin with the first full renewal cycle after the effective date (July 1, 2003) of the regulations.

Any licensee who has already taken the 3 hour USPAP course during their current licensing term will not need to take the new 7 hour USPAP course.

Updated Applications and Forms

ALL Real Estate Appraiser applications and forms have been revised **effective July 1, 2003**. The current Real Estate Appraiser board applications and forms may be obtained on our website, <http://www.state.va.us/dpor/>. By selecting "Forms", applications and forms pertaining to the Real Estate Appraiser Board may be accessed.

The Board updates its forms and applications to reflect the current requirements and fees. To ensure that the proper information and fee are submitted, **WE WILL NOT ACCEPT OUTDATED APPLICATIONS AND FORMS AFTER SEPTEMBER 30, 2003**. Licensees should check the date located on the bottom left hand corner on the applications and forms to make sure they are submitting the current applications and forms.

Changes to the 2003 edition of USPAP

The following information was provided by the Appraisal Foundation.

Effective January 1, 2003, real property appraisers seeking to meet USPAP education classroom hour requirements will only receive credit from the states if the course was taught by an AQB Certified USPAP Instructor.

- This change came about due to concerns that have been expressed about the caliber of the individuals teaching USPAP.
- In response, the AQB has developed a program that requires instructors to demonstrate they are competent in their understanding of USPAP and its application.
- All individuals who have become AQB certified USPAP instructors are listed on the Appraisal Foundation's web site <http://www.appraisalfoundation.org>

Effective January 1, 2003, real property appraisers seeking to meet the USPAP education classroom hour requirements will only receive credit from their state if the course was one of the National USPAP Courses or their equivalent. Course equivalency will be determined by the AQB.

- This change came about due to concerns that have been raised about the inconsistency in USPAP course materials as well as the lack of uniformity in the weight given to the various provisions contained in USPAP.
- Through license agreements, the Appraisal Foundation will be offering the National USPAP Course materials to all educational providers.
- A list of educational providers who have entered into the license agreement can be found on the Foundation's web site.
- Course checklists have been developed to assist individuals in developing courses equivalent to the National USPAP Courses.
- Courses seeking equivalency will be submitted to the AQB Course Approval Program where they will be reviewed for compliance.

Effective January 1, 2003, appraisers must successfully complete the 7 hour National USPAP Update Course, or its equivalent, once every two years.

- This new seven hour requirement is part of, and not in addition to, the current continuing education requirement.
- This change came about due to the discovery that many appraisers were taking USPAP only once every five years. Since USPAP is published annually, many appraisers were unaware of changes until years after the changes became effective.

Standards Rule 1-5 (SR 1-5) – for 2003, this rule has been modified to require that appraisers analyze the sales history for all property types for a minimum of three years, if such information is available to the appraiser in the normal course of business.

Standards Rule 7-5 (SR 7-5) – for 2003, this rule has been modified to indicate that all prior sales of the subject property that occurred within a reasonable and applicable time-period, given the purpose of the assignment, and the type of property involved, must be analyzed.

Advisory Opinion 3 (AO-3) – for 2003, this opinion was updated to remove the conditions for “updates” of prior appraisal reports relied on by a client for a prior business decision. The revised opinion also discusses how an appraisal or an analysis of a property, that happens to have been subject of a prior assignment, can be accomplished by attachment of, and in certain cases, reference to a prior report. The intent is to clearly show that “updates” are merely new appraisal, appraisal review, or appraisal consulting assignments that may involve a different scope of work than the original assignment.

Statement No. 7 (STM-7) – for 2003, this statement was edited by removing the “Clarification of Nomenclature” section, which defined and discussed “updates” and “re-certifications of value,” as well as “letter opinions of value.”

Advisory Opinion 9 (AO-9) – for 2003, this opinion has been revised to provide guidance to appraisers who may choose to undertake an appraisal assignment of real property that may be impacted by environmental contamination.

Standard 3 was revised. The most significant revisions are:

- Standard 3 will be inclusive of all appraisal disciplines – Real Property and Personal Property (including Mass Appraisal) and Business Valuation.
- An appraisal review that includes the reviewer’s own opinion of value must be reported in at least a Summary Appraisal Report format.
- Removed the requirement that the scope of work in an appraisal review match the scope of work in the appraisal under review (complete or limited).

USPAP Sent to Licensees

Currently, the Board sends a copy of USPAP to licensees every year during the month they renew. Since appraiser licensees are required to conform to the current edition of USPAP, the Board has entered into an agreement with the Appraisal Foundation so that the latest edition of USPAP is sent to all current Virginia

licensees every year in January. This change will take effect starting in 2004

The current edition of USPAP is always available on the Appraisal Foundation’s website which can be obtained by [clicking here](#).

? ? Questions and Answers ? ?

These questions and answers have been copied from ASB publications. The responses are based on presumed conditions without investigations or verification of actual circumstances. There is no assurance that the responses represent the only possible solution to the problems discussed or apply equally to seemingly similar situations. For further information, contact the ASB at 202-624-3044

Question #1:

I recently received a request for an appraisal assignment. The potential client has indicated that there will be other intended users, but has not identified the intended users specifically. Is it acceptable to identify the intended users by type?

Response: Yes. STATEMENT No. 9 states:

*Neither the client nor the appraiser is obligated to identify an intended user by name. If identification by name is not appropriate or practical, an appraiser’s client and **the appraiser may identify an intended user by type.** (Bold added for emphasis)*

Therefore, in this situation the appraiser should identify the type of intended users applicable to the assignment (e.g. wholesale loan purchases).

Question #2:

In the 2002 edition of USPAP, STATEMENT 7 contained a “Clarification of Nomenclature” section that was very helpful. This is no longer in SMT-7. Was this text removed from the USPAP document?

Response: The “Clarification of Nomenclature” section was relocated to Advisory Opinion 3, which deals directly with updating an appraisal.

Question #3:

My state appraisal board is asking me to send a copy of the workfile for an appraisal I performed eight years ago. Since no testimony was given in the assignment, I was only required to maintain access to the workfile for five years. Given that this time period has expired, can the state board still take action in this case?

Response: Yes. The time frames referenced in the Record Keeping section of the ETHICS RULE are only minimums. Nothing in USPAP would prevent an enforcement proceeding from taking place after the applicable time period has expired.

Additional ASB Questions and Answers can be found on the Appraisal Foundation’s website by [clicking here](#).

Unlicensed Signatures on Appraisal Reports

The Board office receives many calls regarding whether an unlicensed individual may sign a report. The answer is yes. This includes signing on the left side of a URAR report. However, § 54.1-2009 of the Code of Virginia prohibits an unlicensed individual from using the terms "appraiser" or "appraisal". Therefore, when signing on the left side of a URAR report, the word "Appraiser" should be marked through.

Note that if the unlicensed individual provides significant professional assistance, he must either sign the report or the licensing appraiser signing the report must disclose the individual's assistance in accordance with USPAP Standards Rule 2-3. **In any case, the licensed appraiser signing the report is responsible for the report and its contents.**

Board Disciplinary Actions

The public is now able to obtain copies of abstracts of the Virginia Real Estate Appraiser Board's final orders and consent orders by [clicking here](#).

Once there, type "appraiser" in the keywords search box and hit enter.

Abstracts of the Board's final orders and consent orders from January 1, 2002 onward will be displayed.

Board Attendance

Effective April 27, 2001, licensees attending Board meetings may receive continuing education credit. Two hours credit will be awarded for each Board meeting. A maximum of four hours will be credited for each licensing term.

Licensees are required to sign in and out at each meeting attended.

Verification of credit awarded will be mailed to each licensee.

***** Appraiser Related News *****

Commissioner Launches Real Estate Appraisal Training Program

Big Stone Gap, Va. --- Wise County Commissioner of the Revenue Douglas Mullins, Jr. has gained the approval of the Virginia Real Estate Appraisal Board to launch a student intern program on real estate appraisal with Mountain Empire Community College.

Mullins, a member of the Virginia Real Estate Appraiser Board appointed by Governor Mark R. Warner last April, will launch the state's first real estate appraisal training program

within the Wise County Commissioner of the Revenue office as a pilot project in conjunction with Mountain Empire Community College instructor, Don Bates.

Real estate appraisal students find it difficult in the region to gain the required experience to become bona fide Virginia licensed real estate appraisers.

State law requires a licensed applicant to have worked with a professional appraiser before becoming eligible for license issuance by the state. Internship REA 190 will allow a student to accumulate 250 hours toward the 2000 hours required for certification. Internship REA 290 will be available for those students completing the pre-requisite. An additional 250 hours may be obtained in this course, allowing 500 total hours.

Mullins will seek to provide experience to at least five would-be real estate appraisers in-training through field and office work. "The new Appraiser In-Training Program concept received a unanimous endorsement from the Virginia Real Estate Appraiser Board based, in part, on its innovation in providing the skills set needed by those entering the field within the Mountain Empire Community College service area," Mullins said.

"The program will enable appraisal students to gain the experience opportunity they may not otherwise be able to gain locally", Mullins, a former Wise County Public School teacher, said of the new program.

Trainees will go into the field with Deputy Commissioner of the Revenue Willie Moles, to gain field experience on "best practices" in making an appraisal on new construction within Wise County.

The would-be real estate appraisers in-training will also assist Mullins in the development of new coal and natural gas lease maps using Geographic Information System technology as a part of a community service project.

Real estate appraisal students may contact Mullins at (276) 328-3556; or, MECC Adjunct Faculty member Don Bates to make application for the Appraiser In-Training internships with the Wise County Commissioner of the Revenue.

AQB Real Property Appraiser Qualifications Draft

The AQB has made the fourth exposure draft of the *Real Property Appraiser Qualifications Criteria* available on-line. You can obtain a copy of the fourth exposure draft by [clicking here](#).

The intent of this document is to obtain comments from appraisers, users of appraisal services, regulators, academicians, and the public. This is anticipated to be the final exposure draft.

The deadline for responding with comments is June 2, 2003.
Please submit written comments to this exposure draft to:

AQB Comments
The Appraisal Foundation
1029 Vermont Avenue, NW
Suite 900
Washington, DC 20005-3517
FAX 202-347-7727
comments@appraisalfoundation.org

Federal Register

The Department of Housing and Urban Development has a proposed rule published in Volume 68, No. 8/January 13, 2003 edition of the *Federal Register*. The proposed rule is entitled: **FHA Single Family Mortgage Insurance; Lender Accountability for Appraisals.**

A copy of this edition of the *Federal Register* can be obtained by [clicking here](#):

Board Members

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Remaining 2003 Board Meetings

August 26, 2003
November 18, 2003

Meetings of the Real Estate Appraiser Board start at 10:00 am and are held at the Department of Professional and Occupational Regulation at 3600 West Broad Street, Richmond, Virginia 23230

Board Contacts

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